

# The Utah Public Treasurer

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## Market and PTIF Portfolio Review

### Encouraging Signs

What a difference a year makes! Although 2009 closed with mixed economic results, conditions overall are much improved from this time last year, when virtually all economic indicators were weak.

Recent reports suggest economic growth picked up in the fourth quarter: GDP is estimated to be 4.3%. However, declining credit and job losses that may keep the unemployment rate at 10% or higher through at least the first half of 2010 will present challenges for the Federal

Reserve Bank and investors alike.

Fed officials have kept the Fed Funds rate in a range of 0-0.25% for the last year. At its meeting in December, they reiterated their intent to keep rates low as the economy recovers from the deepest recession since the 1930's. Policy makers are faced with how best to withdraw the more than \$1 trillion of credit and liquidity they pumped into the financial system during the height of the financial crisis.

Short term investment rates remain at historical lows, but the

treasury yield curve continues to widen as investors bet the economic recovery will spur inflation and temper demand for unprecedented sales of government debt.

Short term investors will continue to face a shortage of alternatives, as issuers take advantage of historically low rates and issue debt with longer maturities.

These conditions will continue to constrain PTIF returns, which will remain below 1% for the foreseeable future.

## PTIF & Market Rate Summary

### Top Ten Holdings

Holding	% of Total
Merrill Lynch Premier Institutional Fund	7.33%
Blackrock Temp Fund	6.62%
Federated Prime Value Obligations Fund	4.92%
Federal Home Loan Bank	4.40%
General Electric Capital	4.29%
Caterpillar Financial	3.77%
Morgan Stanley	3.37%
Met Life	3.35%
Bank of America	3.32%
Morgan Stanley Prime Fund	3.31%

### Key Rate History

	Current December 2009	Prior Quarter September 2009	Year Ago December 2008
Fed Funds Target	0 – 0.25	0 – 0.25	0 – 0.25
3 Month Treasury	.05	0.13	.53
3 Month LIBOR	.25	.29	4.05
30 Day A1/PI CP	.15	.24	3.99
1 Year Treasury	.44	.39	1.55
2 Year Treasury	1.14	1.02	1.73

All data as of 12/31/2009

### Portfolio Summary

Average adjusted maturity	64 days
Maturing or repricing within 30 days	42%
Maturing or repricing within 90 days	83%
360-Day Basis Yield on 12/31/2009	.617%
365-Day Basis Yield on 12/31/2009	.625%
<b>12/31/2009 GASB 31 Fair Value Factor</b>	<b>1.003369</b>

### Portfolio Composition

